



MP for Rimutaka

Minister of Education

Minister of State Services

Leader of the House

Minister Responsible for Ministerial Services

12 FEB 2018

Nigel Gould

Chair

Tertiary Education Commission

PO Box 27-048

Wellington 6141

Dear Nigel

Supplementary Determination of Design of Funding Mechanism: Student Achievement Component – provision at Level 3 and above on the New Zealand Qualifications Framework

Supplementary Determination of Design of Funding Mechanism: Industry Training Fund

I write to advise you of two new supplementary funding determinations I have made under section 159L of the Education Act 1989, to come into immediate effect:

- Student Achievement Component – provision at Level 3 and above on the New Zealand Qualifications Framework and
- the Industry Training Fund.

The supplementary determinations are set out in the appendix to this letter. These new supplementary funding determinations replace those I sent to you on 21 December 2017. A change to both documents relates to the assessment of eligibility for fees-free tertiary education for people who have undertaken prior study after 1 January 2018: the documents now clarify that all prior study counts in calculating eligibility for fees-free tertiary education.

In addition, the Student Achievement Component determination is amended to make the residency requirements for fees-free tertiary education identical to those for student loans and allowances, which was the Government's intent in setting this policy.

Under section 159O of the Act, it is the Commission's responsibility to develop the operational policy and practices needed to implement my determinations of the design of funding mechanisms. I expect that the Commission will set appropriate measures as part of its Statement of Service Performance in order to report to me on its performance in giving effect to this determination.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'CH', written over a light blue circular stamp.

Chris Hipkins

Minister of Education

SUPPLEMENTARY DETERMINATION OF DESIGN OF FUNDING MECHANISM FOR:

STUDENT ACHIEVEMENT COMPONENT – PROVISION AT LEVEL 3 AND ABOVE ON THE NEW ZEALAND QUALIFICATIONS FRAMEWORK

Background

1. The Determination of Design of Funding Mechanism: “Student Achievement Component (SAC) – Provision at Level 3 and above on the New Zealand Qualifications Framework” (the principal determination) was issued in November 2016.

Effective date

2. This Supplementary Determination of the Design of Funding Mechanism: Student Achievement Component (SAC) – Provision at Level 3 and above on the New Zealand Qualifications Framework (the supplementary funding determination) amends the principal determination with effect from 1 January 2018, and replaces the previous supplementary determination issued on 8 December 2017.

Part Two: Funding Conditions

Fees and Associated Course costs

3. Insert new paragraphs after paragraph 73 of the principal funding determination as follows:

“Fees-Free Tertiary Education

73A. *The TEC must attach to funding a condition that the fees (as defined by paragraph 73G) payable to a TEO for the 2018 academic year must be charged by the TEO to the TEC for payment on behalf of the student, if the TEC has advised the TEO that the student is eligible for fees-free tertiary education provision.*

73B. *The TEC must determine which students are eligible for the TEC to make fee payments to the TEO on behalf of the student, and advise each relevant TEO.*

73C. *A student eligible for fees-free tertiary education provision:*

a) is one of the following:

i. a New Zealand citizen; or

ii. ordinarily resident in New Zealand and either:

(1) have been living in New Zealand for at least 3 years while holding a residence class visa; or

(2) be a refugee or protected person; or

- (3) *be sponsored into New Zealand by someone in their family who, at the time of sponsorship, was a refugee or protected person.*
- b) *is not concurrently enrolled in a school at the start date of the course or programme (except for those enrolled in school as a returning adult student, see paragraph 73H); and*
- c) *has either:*
 - i. *been enrolled in a school at any time during 2017 or 2018 (all 2017 or 2018 school leavers who meet criteria a and b above will be eligible for fees-free tertiary education regardless of any prior tertiary study undertaken), except that a returning adult student (see paragraph 73H) must meet the criteria in paragraph (c)(ii) to be eligible for fees-free tertiary education); or*
 - ii. *not undertaken more than half a year of equivalent full-time tertiary education (0.5 EFTS or 60 credits¹) at Level 3 or above on the NZQF, including tertiary education at an equivalent level undertaken in any other country, but excluding any tertiary education undertaken while enrolled in a school, except for returning adult students (see paragraph 73H).*

73D. *The TEC may use discretion to determine that a student who does not meet all of the criteria in paragraph 73C is eligible for fees-free tertiary education provision after considering the student's exceptional personal circumstances.*

73E. *The TEC must attach a condition of funding that:*

- a) *each TEO that is required to charge any fees to the TEC for payment on behalf of a student, in accordance with this funding mechanism, must not charge the student for any portion of the same fee; and*
- b) *in 2018, each TEO must work collaboratively with the TEC to give effect to the fees-free tertiary education initiative within the SAC Level 3 and above. In particular, the TEO must provide information as required by the TEC, to enable the TEC to understand the EFTS consumption of eligible students, and in relation to fees.*

73F. *The payment made by the TEC on behalf of the student for fees is up to a maximum of \$12,000 (inclusive of GST) per student. Any fees in excess of the maximum amount paid by the TEC on behalf of the student may be charged by the TEO to the student, and the student, if eligible, may seek a student loan for this portion of the fees not paid on their behalf by the TEC.*

73G. *For the purposes of paragraphs 73A-73F, "fees" are defined as:*

- a) *compulsory tuition fees and other compulsory fees, as outlined in paragraph 91; or*
- b) *compulsory student services fees.*

¹ This includes tertiary education undertaken through the industry training fund in terms of credits achieved at Level 3 or above on the NZQF.

- 73H. *For the eligibility criteria in paragraph 73C, “returning adult student” means a person over the age of 19 years who has enrolled at a school after at least one year since they left school. For the avoidance of doubt:*
- a) *returning adult students do not automatically qualify for fees free tertiary education as school leavers under paragraph 73C(c)(i); and*
 - b) *returning adult students can be concurrently enrolled in school and tertiary study and be eligible for fees-free tertiary education; and*
 - c) *tertiary study undertaken while enrolled as a returning adult student must be taken into account as prior tertiary study for the purposes of paragraph 73C(c)(ii) above.”*

High Cost provision

4. Replace paragraph 68 of the principal determination as follows:

68. *“A TEO that is allocated EFTS for aviation provision that includes an in-flight training component (pilot training) must supply StudyLink with the correct student enrolment information, through the Verification of Study system, that ensures that:*
- a. *annual student loan fee borrowing for any pilot training student does not exceed:*
 - i. *\$35,000 per EFTS, if not eligible for fees-free tertiary education, as set out in paragraphs 73C and 73D; or*
 - ii. *\$35,000 per EFTS, less up to the maximum payment of \$12,000 paid by the TEC on behalf of the student for fees (as set out in paragraphs 73A-73G).*
 - b. *where a pilot training student is studying part-time, annual student loan fee borrowing does not exceed the proportion of \$35,000 that is represented by the proportion of an EFTS course load that is being undertaken by the student, less any fees payment made by the TEC on behalf of the student (as set out in paragraphs 73A-73G). For example, if a student is studying 0.4 EFTS in the year, the student loan borrowing limit will be \$14,000. For those eligible for the fees-free tertiary education payment under paragraphs 73A-73G, the student loan borrowing limit for 0.4 EFTS in the year would be \$14,000, less up to the maximum payment of \$12,000 paid by the TEC on behalf of the student for fees.”*

SUPPLEMENTARY DETERMINATION OF DESIGN OF FUNDING MECHANISM FOR: INDUSTRY TRAINING FUND

Background

1. The Determination of Design of Funding Mechanism: "Industry Training Fund" (the principal determination) was issued in September 2017.

Effective date

2. This Supplementary Determination of the Design of Funding Mechanism: Industry Training Fund (the supplementary funding determination) amends the principal determination with effect from 1 January 2018, and replaces the previous supplementary determination issued on 8 December 2017.
3. Insert new paragraphs after paragraph 47 of the principal funding determination as follows:

"Fees-free tertiary education

- 47A. *Industry trainees that meet eligibility requirements for the fees-free tertiary education (as set out in paragraphs 47C and 47D), and their employers, are not required to pay fees (as defined in paragraph 47G), and instead fees are charged by TEOs to the TEC for payment on the trainee's behalf, relating to the training time period set out in paragraph 47F.*
- 47B. *The eligibility, fees, time periods, and payment arrangements set out in paragraphs 47C-47H will apply to the Industry Training Fund in 2018.*

Eligibility

- 47C. *The TEC must determine which trainees are eligible for the TEC to make fee payments to the TEO on behalf of the trainee, and advise each relevant TEO. An industry trainee is eligible for fees-free tertiary education if the trainee:*
 - a) *is enrolling in a programme that commences from 1 January 2018 that:*
 - i. *is at NZQF Level 3 or above; and*
 - ii. *is approved by NZQA; and*
 - iii. *comprises at least 120 credits (which includes all New Zealand Apprenticeships); and*
 - b) *is not concurrently enrolled in a school at the start date of the programme (except for those enrolled in school as a returning adult student, see paragraph 47H); and*
 - c) *has either:*
 - i. *been enrolled in a school at any time during 2017 or 2018 (all 2017 or 2018 school leavers who meet criteria a and b above will be eligible for fees-free tertiary education*

regardless of any prior tertiary study undertaken), except that a returning adult student (see paragraph 47H) must meet the criteria in paragraph (c)(ii) to be eligible for fees-free tertiary education); or

- ii. not undertaken more than half a year of equivalent full-time tertiary education (0.5 EFTS or 60 credits¹) at Level 3 or above on the NZQF, including tertiary education at an equivalent level undertaken in any other country, but excluding any tertiary education undertaken while enrolled in a school, except for returning adult students (see paragraph 47H).*

47D. The TEC may use discretion to determine that a trainee who does not meet all of the criteria in paragraph 47C is eligible for fees-free tertiary education after considering the trainee's exceptional personal circumstances.

47E. The TEC must establish requirements that TEOs must comply with so that the TEC can verify each industry trainee's eligibility for fees-free tertiary education.

Time period to receive fees-free tertiary education payments

47F. Eligible trainees that commence their industry training programme in the 2018 calendar year will be eligible for their fees to be paid by the TEC on their behalf for the first 24 months of the training programme.

Fees

47G. For the purposes of paragraphs 47A-47F, "fees" are defined as: fees for training and assessment, including fees paid to ITOs, paid directly to training and assessment providers, or paid as part of fees-charged by group training schemes.

School enrolments

47H. For the eligibility criteria in paragraph 47C, "returning adult student" means a person over the age of 19 years who has enrolled at a school after at least one year since they left school. For the avoidance of doubt:

- a) returning adult students do not automatically qualify for fees free tertiary education as school leavers under paragraph 47C(c)(i); and*
- b) returning adult students can be concurrently enrolled in school and tertiary study and be eligible for fees-free tertiary education; and*
- c) tertiary study undertaken while enrolled as a returning adult student must be taken into account as prior tertiary study for the purposes of paragraph 47C(c)(ii) above."*

¹ This includes tertiary education undertaken through the industry Training Fund in terms of credits achieved at Level 3 or above on the NZQF.

Part Two: Funding Conditions

Financial contribution

4. Replace paragraph 53 of the principal funding determination as follows:
 53. *“The TEC must attach to funding a condition that a TEO that receives funding from the Industry Training Fund must ensure that all employers of industry trainees or apprentices who are enrolled with the TEO make a financial contribution towards the cost of each trainee’s or apprentice’s training and assessment, noting that there may be some specific circumstances where the full financial costs of training and assessment for a trainee could be met by the financial contribution from the Industry Training Fund and the fees-free tertiary education initiative.”*
5. Insert new paragraph after paragraph 58 of the principal funding determination as follows:

Fees-free tertiary education

- 58A. *“The TEC must attach to funding a condition that in 2018 TEOs must work collaboratively with the TEC to give effect to the fees-free tertiary education initiative within the Industry Training Fund, and in particular each TEO must:*
 - a) *advise the TEC, if the TEO offers fees-free tertiary education eligible training programmes (see paragraph 47C), of the total applicable amount charged to eligible trainees and their employers for training and assessment in the eligible training programmes;*
 - b) *agree to charge the TEC the actual and reasonable training and assessment fees (as determined by the TEC) for trainees eligible for fees-free tertiary education (see paragraphs 47A-47G), and must not charge trainees or their employers for these fees;*
 - c) *provide information as required by the TEC, to enable the TEC to determine the eligibility of trainees, and must provide information, as required by the TEC, in relation to fees; and*
 - d) *comply with any requirements established by the TEC to enable the TEC to understand the consumption of industry training by eligible trainees.”*